

SENATE BILL REPORT

SHB 1233

As Reported By Senate Committee On:
Health & Long-Term Care, March 21, 2007

Title: An act relating to specified disease, hospital confinement, or other fixed payment insurance.

Brief Description: Addressing specified disease, hospital confinement, or other fixed payment insurance.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Ericks, Kirby, Roach, Williams, Jarrett and Simpson).

Brief History: Passed House: 2/28/07, 94-2.

Committee Activity: Health & Long-Term Care: 3/19/07, 3/21/07 [DPA].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles, Marr and Parlette.

Staff: Mich'l Needham (786-7442)

Background: Some insurance companies offer a limited benefit medical policy that allows employers to offer routine health and life insurance to their employees. Such a policy allows an employer to purchase coverage for employees that provides a calendar year maximum amount that will be covered for doctor's office visits, preventive care, prescription drug coverage, emergency room visits, surgery, and other procedures. A question has been raised whether such a policy is included in the statutory definition of "Health Plan" in Title 48 RCW.

Summary of Substitute Bill: The definition of "Health Plan" is modified to exclude illness-triggered fixed payment insurance, fixed payment insurance, or other fixed payment insurance offered as an independent, noncoordinated benefit. The Insurance Commissioner (Commissioner) will adopt rules specifying a standard disclosure for fixed payment insurance designed to enhance consumer understanding. It will disclose that this coverage will not cover the cost of most hospital and other medical services. The disclosure form will be filed for approval with the Commissioner prior to use. These fixed payment policies must be offered as an independent and noncoordinated benefit from any other health plan.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

EFFECT OF CHANGES MADE BY RECOMMENDED STRIKING AMENDMENT(S) AS PASSED COMMITTEE (Health & Long-Term Care): The Office of Insurance Commissioner will report to the Legislature annually on the experience with fixed payment insurance products.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is important to over a thousand employees that purchased this product. Without the bill, they will lose their coverage. Most of the employees with the product were uninsured. They are seasonal, temporary or hourly workers that typically don't qualify for employer coverage. This product allows them to have some limited coverage and they avoid using the emergency room now that they can go to the doctor. Having this product has helped attract higher quality employees and improved retention.

Persons Testifying: PRO: Representative Ericks, prime sponsor; Carrie Tellefson, Gregory Clarke, Symetra Financial; Kristin Larson, Home Instead Senior Care.